



**Town of Aurora
Finance Advisory Committee
Meeting Agenda**

Date: Tuesday, June 11, 2024
Time: 5:45 p.m.
Location: Holland Room, Aurora Town Hall

Meetings are available to the public in person and via live stream on the [Town's YouTube channel](#). To participate, please visit aurora.ca/participation.

| | Pages |
|---|--------------|
| 1. Call to Order | |
| 2. Land Acknowledgement | |
| 3. Approval of the Agenda | |
| 4. Declarations of Pecuniary Interest and General Nature Thereof | |
| 5. Receipt of the Minutes | |
| 5.1 Finance Advisory Committee Meeting Minutes of May 14, 2024 | 1 |
| 1. That the Finance Advisory Committee Meeting Minutes of May 14, 2024, be received for information. | |
| 6. Delegations | |
| 7. Matters for Consideration | |
| 7.1 Memorandum from Financial Management Advisor; Re: Budget Review Aurora Public Library | 5 |
| 1. That the memorandum regarding the Budget Review of the Aurora Public Library be received; and | |
| 2. That the Finance Advisory Committee comments regarding the Budget Review of the Aurora Public Library be received and referred to staff for consideration and further action as appropriate. | |
| 7.2 Memorandum from Financial Management Advisor; Re: Community Partner Reserve Fund Policy | 22 |

1. That the memorandum regarding Community Partners Reserves Management Policy be received; and
2. That the Finance Advisory Committee comments regarding Community Partners Reserve Management Policy be received and referred to staff for consideration and further action as appropriate.

8. New Business

9. Adjournment



**Town of Aurora
Finance Advisory Committee
Meeting Minutes**

Date: Tuesday, May 14, 2024
Time: 5:45 p.m.
Location: Holland Room, Aurora Town Hall

Committee Members: Mayor Tom Mrakas (Chair)
Councillor Michael Thompson
Councillor Ron Weese

Other Attendees: Doug Nadorozny, Chief Administrative Officer
Rachel Wainwright-van Kessel, Director, Finance
Jason Gaertner, Manager, Financial Management
Sandeep Dhillon, Advisor, Financial Management
Emily Freitas, Council/Committee Coordinator

1. Call to Order

The Chair called the meeting to order at 5:46 p.m.

2. Land Acknowledgement

The Committee acknowledged that the meeting took place on Anishinaabe lands, the traditional and treaty territory of the Chippewas of Georgina Island, recognizing the many other Nations whose presence here continues to this day, the special relationship the Chippewas have with the lands and waters of this territory, and that Aurora has shared responsibility for the stewardship of these lands and waters. It was noted that Aurora is part of the treaty lands of the Mississaugas and Chippewas, recognized through Treaty #13 and the Williams Treaties of 1923.

Finance Advisory Committee Meeting Minutes
Tuesday, May 14, 2024

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3. Approval of the Agenda

Moved by Ron Weese

Seconded by Councillor Thompson

That the agenda as circulated by Legislative Services be approved.

Carried

4. Declarations of Pecuniary Interest and General Nature Thereof

There were no declarations of pecuniary interest under the *Municipal Conflict of Interest Act, R.S.O. 1990, c. M.50*.

5. Receipt of the Minutes

5.1 Finance Advisory Committee Meeting Minutes of April 9, 2024

Moved by Councillor Thompson

Seconded by Ron Weese

1. That the Finance Advisory Committee Meeting Minutes of April 9, 2024, be received for information.

Carried

6. Delegations

None.

7. Matters for Consideration

7.1 Memorandum from Financial Management Advisor; Re: Water and Wastewater Rate Study Update

Staff provided a presentation on its Water and Wastewater Rate Study, presenting an overview of the current rate structure and proposed rate structure, including; the existing customer base, residential and commercial consumption patterns, challenges of existing rate structures such as inactive customers and revenue dependency upon the level of

water consumption each year. Staff's proposed multiple rate structures that strived to promote greater fairness to all residents and businesses, to encourage water conservation and reduce the Town's reliance upon a volumetric driver.

The Committee and Staff discussed the proposed rate structures which included various fixed and/or variable rate options; including staff's recommended rate structure option which consisted of a fixed rate plus two tier variable rate. In its discussion, the committee examined annual water consumption by customer type, as well as the benefits and risks associated with weather patterns experienced. The committee requested staff undertake a further sensitivity analysis of its proposed two-tier variable rates to minimize their impact on water users.

Moved by Councillor Thompson

Seconded by Ron Weese

1. That the memorandum regarding Water and Wastewater Rate study be received; and
2. That the Finance Advisory Committee comments regarding water and wastewater rate study be received and referred to staff for consideration and further action as appropriate.

Carried

7.2 Memorandum from Financial Management Manager; Re: Budget Review of the Finance Department and Corporate Accounts

The Committee discussed the budget review of the Finance Department and Corporate Accounts and the increasing cost of maintenance and support for IT and alternatives to mitigate the cost. Staff highlighted, investing strategically in IT, the software costs and subscription fees including Microsoft Licensing, and how more online services are being provided through the website for residents as a result.

The Committee also discussed with Staff transfers from reserves and debt management, the operating surplus, and revenue captured.

Moved by Councillor Thompson

Seconded by Ron Weese

Finance Advisory Committee Meeting Minutes
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1. That the memorandum regarding the Budget Review of the Finance Department and Corporate Accounts be received; and
2. That the Finance Advisory Committee comments regarding the Budget Review of the Finance Department and Corporate Accounts be received and referred to staff for consideration and further action as appropriate.

Carried

8. New Business

None.

9. Adjournment

Moved by Ron Weese

Seconded by Councillor Thompson

That the meeting be adjourned at 6:18 p.m.

Carried



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Town of Aurora
Memorandum
Finance

Re: Memo-Budget Review Aurora Public Library

To: Finance Advisory Committee

From: Tracy Evans, Advisor, Financial Management

Date: June 11, 2024

Recommendation

1. That the memorandum regarding the Budget Review of the Aurora Public Library be received; and
2. That the Finance Advisory Committee comments regarding the Budget Review of the Aurora Public Library be received and referred to staff for consideration and further action as appropriate.

Background

As per its budget process document, the Finance Advisory Committee is required to undertake a detailed review of each department and community service partner's core operating budgets prior to the conclusion of the Council term. These detailed reviews allow for a more strategic review of the Town's draft operating budgets by the Budget Committee. During the course of these detailed reviews any arising budget concern areas can be explored and addressed as part of a future Town budget process.

Attachments

Attachment 1 – APL FAC Memo June 11, 2024

Attachment 2 – APL Financial Line By Line Detail

Attachment 3 – 2022 Audited Financial Statements-FAC-LB

MEMO



To: Town of Aurora Finance Advisory Committee

From: Bruce Gorman, Chief Executive Officer

Date: June 11, 2024

Subject: Town Partner – Budget Review

The Aurora Public Library Board Finance Sub-Committee is comprised of community volunteer members and a member of the Town of Aurora Council. Each year the committee reviews the library's line-by-line operating accounts and refers the operating budget to the Library Board for final approval. It is then subsequently presented to the Town of Aurora Council for municipal funding approval.

The Aurora Public Library carefully develops a budget that provides Aurora residents with exceptional library services in a world class facility. The library deploys cost-effective strategies to maximize the municipal requisition. We partner with the Town wherever possible in areas such as programming, finance, and technology. As well, any library surplus is returned to the Town each year.

For the first time this year the library is expecting to welcome over 300,000 visitors. We are the great social equalizer in our community and offer quality library services in a financially astute manner. We take our role as fiduciaries to be a paramount responsibility. During my tenure, APL has never asked for a budgetary increase beyond prevailing COLA rates and has deployed cost savings/avoidance strategies wherever possible. In fact, during the Covid-19 pandemic we proactively returned operating surplus to the Town. We also provided financial support for Town Square both in capital and operating.

As noted above, the library is extremely committed to doing all we can to make Town Square as successful as possible. We plan to expand our programming and operating hours to better align with Town Square.

The relationship APL and the Town have developed, financial and otherwise, should be showcased as best practice for our colleagues around the province and beyond.

A handwritten signature in black ink, appearing to read "B. Gorman", written over a horizontal line.

Bruce Gorman
Chief Executive Officer

905. 727. 9494 / www.aurorapl.ca

| AURORA PUBLIC LIBRARY OPERATING LINE BY LINE | 2021 ACTUAL | 2022 ACTUAL | 2023 ACTUAL | 2024 BUDGET | 2025 BUDGET | 2026 BUDGET |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| SALARIES | 2,071,197 | 2,409,222 | 2,273,605 | 2,567,028 | 2,626,068 | 2,687,916 |
| BENEFITS | 621,957 | 530,887 | 564,625 | 664,972 | 683,932 | 701,084 |
| | <u>2,693,154</u> | <u>2,940,109</u> | <u>2,838,230</u> | <u>3,232,000</u> | <u>3,310,000</u> | <u>3,389,000</u> |
| COLLECTIONS -DIGITAL | 220,997 | 261,009 | 360,971 | 190,000 | 190,000 | 190,000 |
| COLLECTION - PHYSICAL | 191,056 | 180,222 | 180,021 | 160,000 | 160,000 | 160,000 |
| COLLECTION - PERIODICALS | 14,902 | 13,032 | 15,084 | 10,000 | 10,000 | 10,000 |
| | <u>426,955</u> | <u>454,264</u> | <u>556,076</u> | <u>360,000</u> | <u>360,000</u> | <u>360,000</u> |
| PROCESSING SUPPLIES | 27,700 | 19,092 | 4,205 | 2,000 | 2,000 | 2,000 |
| CATALOGUING SERVICES | 28,310 | 25,079 | 25,878 | 27,000 | 27,000 | 27,000 |
| ILLO | 50 | 20 | 399 | 1,000 | 1,000 | 1,000 |
| | <u>56,060</u> | <u>44,191</u> | <u>30,482</u> | <u>30,000</u> | <u>30,000</u> | <u>30,000</u> |
| COMPUTER SUPPLIES | 11,011 | 7,461 | 3,179 | 8,000 | 8,000 | 8,000 |
| INTERNET | 11,781 | 16,251 | 10,569 | 12,000 | 12,000 | 12,000 |
| EQUIPMENT REPAIRS | 4,853 | 1,442 | 1,143 | 0 | 0 | 0 |
| SOFTWARE MTNCE/SUPPORT | 182,928 | 144,972 | 198,251 | 190,000 | 195,000 | 200,000 |
| | <u>210,574</u> | <u>170,127</u> | <u>213,142</u> | <u>210,000</u> | <u>215,000</u> | <u>220,000</u> |
| PROGRAM SUPPLIES | 29,619 | 26,518 | 28,127 | 25,000 | 25,000 | 25,000 |
| RECEPTIONS | | | 931 | 2,000 | 2,000 | 2,000 |
| PRINTING | 9,712 | 12,229 | 12,961 | 15,000 | 15,000 | 15,000 |
| PUBLIC RELATIONS | 7,458 | 8,661 | 8,143 | 8,000 | 8,000 | 8,000 |
| | <u>17,170</u> | <u>20,889</u> | <u>22,035</u> | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> |
| OFFICE SUPPLIES | 270 | 5,614 | 4,607 | 4,000 | 4,000 | 4,000 |
| EQUIPMENT & FURNISHINGS | 6,385 | 1,352 | 4,113 | 2,000 | 2,000 | 2,000 |
| TELEPHONE LINES | 17,517 | 16,034 | 16,274 | 12,000 | 12,000 | 12,000 |
| EQUIPMENT RENTALS | 10,978 | 19,266 | 15,680 | 15,000 | 15,000 | 15,000 |
| ADVERTISING | 297 | 297 | 410 | 1,000 | 1,000 | 1,000 |
| POSTAGE | -586 | -1,012 | -1,090 | 1,000 | 1,000 | 1,000 |
| PRINTING | | 0 | 518 | 1,000 | 1,000 | 1,000 |
| COURIER | 4,164 | 3,931 | 6,758 | 4,000 | 4,000 | 4,000 |
| | <u>39,026</u> | <u>45,482</u> | <u>47,270</u> | <u>40,000</u> | <u>40,000</u> | <u>40,000</u> |
| HEALTH & SAFETY PROGRAM | 8,977 | 1,082 | 831 | 1,000 | 1,000 | 1,000 |
| COURSES & SEMINARS | 8,964 | 10,722 | 8,417 | 10,000 | 10,000 | 10,000 |
| BOARD TRAINING & DEVELOPMENT | 1,601 | 0 | 894 | 500 | 500 | 500 |
| MILEAGE | 361 | 264 | 3,432 | 2,000 | 2,000 | 2,000 |
| VEHICLE | | 1,392 | 1,392 | 1,500 | 1,500 | 1,500 |
| | <u>19,904</u> | <u>13,460</u> | <u>14,966</u> | <u>15,000</u> | <u>15,000</u> | <u>15,000</u> |
| CONSULTING | | 1,832 | 0 | 5,000 | 5,000 | 5,000 |
| AUDIT FEES | 3,236 | 5,171 | 4,104 | 5,000 | 5,000 | 5,000 |
| GENERAL LEGAL | 16,326 | 3,661 | 4,698 | 5,000 | 5,000 | 5,000 |
| MAINTENANCE CONTRACTS | 710 | 370 | 488 | 1,000 | 1,000 | 1,000 |
| MEMBERSHIPS | 3,965 | 4,337 | 8,646 | 4,000 | 4,000 | 4,000 |
| BUSINESS PLAN INITIATIVES | 35,387 | 0 | 12,439 | 5,000 | 5,000 | 5,000 |
| CONTINGENCY | 7,599 | 712 | 1,338 | 2,000 | 2,000 | 2,000 |
| RECEPTIONS | 669 | 2,900 | 4,493 | 3,000 | 3,000 | 3,000 |
| | <u>67,892</u> | <u>18,982</u> | <u>36,206</u> | <u>30,000</u> | <u>30,000</u> | <u>30,000</u> |
| CONT'N TO RESERVE | 130,000 | 180,000 | 200,000 | 220,000 | 220,000 | 220,000 |
| TOTAL EXPENDITURES | <u>3,690,354</u> | <u>3,914,022</u> | <u>3,986,534</u> | <u>4,187,000</u> | <u>4,270,000</u> | <u>4,354,000</u> |
| REVENUES | | | | | | |
| PROCTORING FEES | | | 71 | | | |
| MEMBERSHIP FEES | | 360 | 3,210 | | | |
| SERVICE CHARGES | 25 | 232 | 510 | 500 | 500 | 500 |
| LOST & DAMAGED FEES | 2,326 | 3,583 | 4,482 | 4,000 | 4,000 | 4,000 |
| PRINTING FEES | 541 | 4,500 | 7,007 | 9,500 | 9,500 | 9,500 |
| PILOT | | 345 | 2,995 | | | |
| PROVINCIAL OPERATING GRANT | 44,138 | 44,138 | 45,422 | 44,000 | 44,000 | 44,000 |
| OTHER GRANTS | 1,284 | 1,284 | 0 | 1,000 | 1,000 | 1,000 |
| DONATIONS | 335 | 485 | 1,142 | | | |
| INVESTMENT INCOME | 288 | 658 | 1,340 | 1,000 | 1,000 | 1,000 |
| BOOK SALES | | 2,705 | 3,174 | 3,000 | 3,000 | 3,000 |
| FINES | 426 | 1,762 | 1,463 | 2,000 | 2,000 | 2,000 |
| RESERVES | 16,320 | 20,427 | 14,512 | | | |
| TOTAL REVENUES | <u>65,683</u> | <u>80,479</u> | <u>85,328</u> | <u>65,000</u> | <u>65,000</u> | <u>65,000</u> |
| MUNICIPAL REVENUE | <u>3,624,671</u> | <u>3,833,543</u> | <u>3,901,206</u> | <u>4,122,000</u> | <u>4,205,000</u> | <u>4,289,000</u> |
| TOTAL REVENUE | <u>3,690,354</u> | <u>3,914,022</u> | <u>3,986,534</u> | <u>4,187,000</u> | <u>4,270,000</u> | <u>4,354,000</u> |

Aurora Public Library Board
Financial Statements
For the year ended December 31, 2022

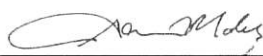
Aurora Public Library Board
Financial Statements
For the year ended December 31, 2022

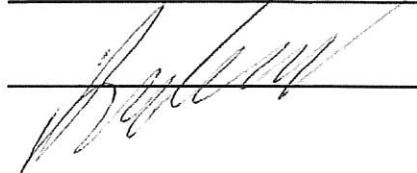
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Aurora Public Library Board Statement of Financial Position

| December 31 | 2022 | 2021 |
|--|---------------------|---------------------|
| Financial assets | | |
| Cash | \$ 67,003 | \$ 20,532 |
| Receivable from the Corporation of the Town of Aurora (note 2) | 803,001 | 466,064 |
| | <u>870,004</u> | <u>486,596</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 345,835 | 166,205 |
| Employee benefits liabilities (note 4) | 129,275 | 108,848 |
| | <u>475,110</u> | <u>275,053</u> |
| Net financial assets | <u>394,894</u> | <u>211,543</u> |
| Non-financial assets | | |
| Tangible capital assets (note 5) | 3,127,982 | 3,331,166 |
| Prepaid expenses | - | 5,975 |
| | <u>-</u> | <u>5,975</u> |
| Accumulated surplus (note 6) | <u>\$ 3,522,876</u> | <u>\$ 3,548,684</u> |

On behalf of the Board


 _____ Aurora Public Library Board Chair


 _____ Chief Executive Officer

Aurora Public Library Board Statement of Operations and Accumulated Surplus

| For the year ended December 31 | Budget 2022 (note 7) | 2022 | 2021 |
|---|----------------------------|---------------------|---------------------|
| Revenue | | | |
| Town of Aurora funding | \$ 3,934,100 | \$ 3,934,100 | \$ 3,896,100 |
| Provincial operating grants | 45,425 | 45,422 | 45,422 |
| Fines and user fees | 2,600 | 10,437 | 3,267 |
| Interest and other | 1,000 | 22,780 | 31,817 |
| | <u>3,983,125</u> | <u>4,012,739</u> | <u>3,976,606</u> |
| Expenses | | | |
| Salaries and employee benefits | 3,024,515 | 2,940,109 | 2,693,155 |
| Services and rent | 234,060 | 184,908 | 237,843 |
| Materials and supplies | 355,550 | 384,591 | 382,241 |
| Amortization | 528,939 | 528,939 | 545,050 |
| | <u>4,143,064</u> | <u>4,038,547</u> | <u>3,858,289</u> |
| Annual surplus (deficit) | <u>(159,939)</u> | <u>(25,808)</u> | <u>118,317</u> |
| Accumulated surplus, beginning of year | | <u>3,548,684</u> | <u>3,430,367</u> |
| Accumulated surplus, end of year | | <u>\$ 3,522,876</u> | <u>\$ 3,548,684</u> |

Aurora Public Library Board
Statement of Change in Net Financial Assets (Debt)

| For the year ended December 31 | Budget 2022 (note 7) | 2022 | 2021 |
|--|----------------------------|-------------|------------|
| Annual surplus (deficit) | \$ (159,939) | \$ (25,808) | \$ 118,317 |
| Amortization of tangible capital assets | 528,939 | 528,939 | 545,050 |
| Acquisition of tangible capital assets | (325,755) | (325,755) | (304,159) |
| Change in prepaid expenses | 5,975 | 5,975 | - |
| Change in net financial assets | 49,220 | 183,351 | 359,208 |
| Net financial assets (debt), beginning of year | 211,543 | 211,543 | (147,665) |
| Net financial assets, end of year | \$ 260,763 | \$ 394,894 | \$ 211,543 |

Aurora Public Library Board

Statement of Cash Flows

| For the year ended December 31 | 2022 | 2021 |
|---|------------------|------------------|
| Operating transactions | | |
| Annual surplus (deficit) | \$ (25,808) | \$ 118,317 |
| Non-cash charges to operations: | | |
| Amortization | 528,939 | 545,050 |
| Changes in non-cash operating working capital: | | |
| Receivable from the Corporation of the Town of Aurora | (336,937) | (426,924) |
| Other receivables | - | 19,081 |
| Accounts payable and accrued liabilities | 179,630 | 29,498 |
| Employee benefits liabilities | 20,427 | 16,320 |
| Prepaid expenses | 5,975 | - |
| Total Operating Transactions | 372,226 | 301,342 |
| Capital transactions | | |
| Acquisition of tangible capital assets | (325,755) | (304,159) |
| Increase (Decrease) in cash | 46,471 | (2,817) |
| Cash, beginning of year | 20,532 | 23,349 |
| Cash, end of year | \$ 67,003 | \$ 20,532 |

Aurora Public Library Board Notes to the Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies

(a) Management's Responsibility

The financial statements of the Aurora Public Library Board (the "Board") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The Board is a registered charity and as such, is exempt from income tax under the Canadian Income Tax Act, and may issue income tax receipts to donors. Its primary role is to provide library services to the general public.

(b) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting whereby revenue is recognized as it is earned and measurable; and expenses are recognized in the period that goods and services are acquired, a liability is incurred, or transfers are due.

(c) Revenue Recognition

Revenues are recognized as follows:

- a) Grants
 - Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.
 - Unconditional grant revenue is recognized when monies are receivable.
- b) Fine and user fee revenue is recognized in the period in which it is collected.
- c) Interest and other income is recognized in the period it is earned.

(d) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the employee benefits liabilities, the estimated useful lives of tangible capital assets and valuation of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

(e) Government Transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Aurora Public Library Board Notes to the Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies (continued)

(f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are not generally available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, less accumulated amortization. Cost includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset using the following rates:

| | |
|--------------------|---------------|
| Library collection | 7 years |
| Equipment | 4 - 10 years |
| Furniture | 10 - 20 years |

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Tangible capital assets under construction are not amortized until such time that they are available for productive use.

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that a tangible capital asset no longer contributes to the Board's ability to provide goods and services or that the value of the future economic benefits associated with the tangible capital assets is below the carrying value. Tangible capital assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The tangible capital assets classified as held-for-sale would be presented separately in the appropriate asset section of the statement of financial position. No impairment was identified during the year.

(g) Non-pension Post-employment Benefits, Compensated Absences & Termination Benefits

The Board accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Board has adopted the following valuation methods and assumptions:

- a) Actuarial cost method:
Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.
- b) Accounting policies:
Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSLS") (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain

Aurora Public Library Board Notes to the Financial Statements

December 31, 2022

or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value.

(h) Pension agreements

The Board makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), a multi-employer public sector pension fund, based on the principles of a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees on the basis of predefined retirement age, length of eligible service and rates of remuneration over a fixed period of time.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all participating Ontario employers and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit. Accordingly, contributions made during the year are expensed.

2. Receivable from the Corporation of the Town of Aurora

At the end of the year, the amount due from the Corporation of the Town of Aurora ("the Town") is as follows:

| | 2022 | 2021 |
|--------------------------|-------------------|-------------------|
| Receivable from the Town | <u>\$ 803,001</u> | <u>\$ 466,064</u> |

The Town provides the facilities, including utilities and maintenance for the Board's operations for \$NIL consideration.

3. Pension Agreements

OMERS provides pension services to almost 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial deficit of \$6,678 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Board to OMERS in 2022 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$212,763 (2021 - \$212,308) was contributed to OMERS for current year services.

Aurora Public Library Board

Notes to the Financial Statements

December 31, 2022

4. Employee Benefits Liabilities

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Post-employment benefits - accrued obligation | \$ 64,950 | \$ 59,473 |
| Accrued sick leave | 64,325 | 49,375 |
| | <u>\$ 129,275</u> | <u>\$ 108,848</u> |

Post-employment benefits

Post-employment benefits are health and dental benefits that are provided to early retirees and employees currently on long-term disability. The Board recognized these post-employment costs as they are earned during the employee's tenure of service.

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Post-employment benefits accrued obligation, beginning of year | \$ 154,644 | \$ 146,870 |
| Add: Benefit expense | 23,188 | 21,964 |
| Interest cost | 5,524 | 5,186 |
| Less: Benefits paid for the period | <u>(16,831)</u> | <u>(19,376)</u> |
| Post-employment benefits accrued obligation, end of year | <u>166,525</u> | <u>154,644</u> |
| Unamortized actuarial losses | <u>(37,250)</u> | <u>(45,796)</u> |
| Post-employment benefits - accrued benefit liabilities | <u>\$ 129,275</u> | <u>\$ 108,848</u> |

The accrued benefit obligations for the Board's post-employment benefits liability as at December 31, 2021 are based on actuarial valuations for accounting purposes as at December 31, 2019 with projections to December 31, 2022. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

| | 2022 | 2021 |
|---|-------|-------|
| Expected future inflation rates | 2.00% | 1.75% |
| Discount on accrued benefit obligations | 5.00% | 3.50% |
| Drug costs escalation | 6.00% | 6.75% |
| Other health care costs escalation | 6.00% | 6.75% |
| Dental costs escalation | 4.00% | 3.75% |

Amortization of actuarial losses during the year was \$8,546 (2021 - \$8,546). The amount of benefits paid during the year was \$11,888 (2021 - \$11,029).

Aurora Public Library Board
Notes to the Financial Statements

December 31, 2022

5. Tangible Capital Assets

| | 2022 | | | | |
|-----------------------------------|-----------------------|-------------------|-------------------|--------------------------------|--------------------|
| | Library Collection | Equipment | Furniture | Leasehold Improve- ments | Total |
| Cost | | | | | |
| Balance, beginning of year | \$2,598,619 | \$ 783,523 | \$ 971,394 | \$2,077,521 | \$6,431,057 |
| Add: Additions during the year | 224,413 | 23,403 | 77,939 | - | 325,755 |
| Less: Disposals during the year | (352,956) | - | - | - | (352,956) |
| Balance, end of year | <u>2,470,076</u> | <u>806,926</u> | <u>1,049,333</u> | <u>2,077,521</u> | <u>6,403,856</u> |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 1,620,379 | 656,332 | 650,053 | 173,127 | 3,099,891 |
| Add: Amortization during the year | 308,264 | 35,965 | 69,292 | 115,418 | 528,939 |
| Less: Disposals during the year | (352,956) | - | - | - | (352,956) |
| Balance, end of year | <u>1,575,687</u> | <u>692,297</u> | <u>719,345</u> | <u>288,545</u> | <u>3,275,874</u> |
| Net book value | <u>\$ 894,389</u> | <u>\$ 114,629</u> | <u>\$ 329,988</u> | <u>\$1,788,976</u> | <u>\$3,127,982</u> |

Aurora Public Library Board
Notes to the Financial Statements

December 31, 2022

5. Tangible Capital Assets Continued

| | 2021 | | | | |
|--------------------------------------|-----------------------|-------------------|-------------------|--------------------------------|---------------------|
| | Library Collection | Equipment | Furniture | Leasehold Improve- ments | Total |
| Cost | | | | | |
| Balance, beginning of year | \$ 2,719,138 | \$ 733,208 | \$ 964,666 | \$ 2,077,521 | \$ 6,494,533 |
| Add: Additions during the year | 247,116 | 50,315 | 6,728 | - | 304,159 |
| Less: Disposals during the year | (367,635) | - | - | - | (367,635) |
| Balance, end of year | <u>2,598,619</u> | <u>783,523</u> | <u>971,394</u> | <u>2,077,521</u> | <u>6,431,057</u> |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 1,659,645 | 620,838 | 584,284 | 57,709 | 2,922,476 |
| Add: Amortization during the year | 328,369 | 35,494 | 65,769 | 115,418 | 545,050 |
| Less: Amortization on disposals | (367,635) | - | - | - | (367,635) |
| Balance, end of year | <u>1,620,379</u> | <u>656,332</u> | <u>650,053</u> | <u>173,127</u> | <u>3,099,891</u> |
| Net book value | <u>\$ 978,240</u> | <u>\$ 127,191</u> | <u>\$ 321,341</u> | <u>\$ 1,904,394</u> | <u>\$ 3,331,166</u> |

Aurora Public Library Board Notes to the Financial Statements

December 31, 2022

6. Accumulated Surplus

Accumulated surplus is comprised of the following:

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Surpluses | | |
| General revenue | \$ (261,859) | \$ (261,075) |
| Invested in tangible capital assets | 3,127,982 | 3,331,166 |
| Less: employee benefit liabilities | (129,275) | (108,848) |
| Total surpluses | 2,736,848 | 2,961,243 |
| Reserves | | |
| General capital reserve | 739,810 | 542,316 |
| Aurora Public Library Board Donation and Bequest Reserve | 46,218 | 45,125 |
| Total reserves | 786,028 | 587,441 |
| Accumulated surplus | \$ 3,522,876 | \$ 3,548,684 |

Invested in tangible capital assets

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

General Capital Reserve

The Town Council has approved any of the Board's operating surplus in a year to be returned to the Town of Aurora.

Aurora Public Library Board Donation and Bequest Reserve

The Board has approved a reserve named "The Aurora Public Library Board Donation and Bequest Reserve" ("ALB Donation & Bequest") for future specified/significant donations and bequests received to support special programs or initiatives outside of the annual operating budget. Funds are transferred from the reserve for approved expenditures. If such funds are not fully expended in the approval year, they are held as Unexpended Funds.

Library Service Development Charges

The Town levies, collects and holds development charges, a component of which is specifically to fund expansion of library services to accommodate growth. Allocations from these funds are approved by the Library Board as part of the annual budget process. Currently, the Town holds \$1,611,973 (2021 - \$1,192,847) of the Library Service related development charges in their segregated development charges accounts. This reserve fund is not reflected in these financial statements.

Aurora Public Library Board
Notes to the Financial Statements

December 31, 2022

7. Budget Reconciliation

The Budget for 2022 adopted by the Board on October 20, 2021 was prepared on a basis not consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards now require financial statements to be prepared on a full accrual basis. Accordingly, the budget expensed all tangible capital expenditures rather than including an amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the 2022 budget adopted by the Board with adjustments as follows:

| | Revenue | Expense | Net |
|---|---------------------|---------------------|---------------------|
| Approved net operating funding from the Town of Aurora | \$ 3,934,100 | \$ 3,934,100 | \$ - |
| Budgeted grant, fines and user fees | 49,025 | 49,025 | - |
| Total Board approved budget | \$ 3,983,125 | \$ 3,983,125 | \$ - |
| Less: capitalized to TCA from operating accounts | - | (189,000) | 189,000 |
| transfers to/from other funds | - | (180,000) | 180,000 |
| amortization expense | - | 528,939 | (528,939) |
| Adjusted budget per the statement of operations | \$ 3,983,125 | \$ 4,143,064 | \$ (159,939) |



100 John West Way
Aurora, Ontario
L4G 6J1
(905) 727-3123
aurora.ca

Town of Aurora
Memorandum
Finance

Re: Community Partner Reserve Fund Policy

To: Finance Advisory Committee

From: Sandeep Dhillon, Senior Advisor, Financial Management

Date: June 11, 2024

Recommendation

1. That the memorandum regarding Community Partners Reserves Management Policy be received; and
2. That the Finance Advisory Committee comments regarding Community Partners Reserve Management Policy be received and referred to staff for consideration and further action as appropriate.

Background

Reserves are one of the most important tools available to Aurora's Community Partners for achieving financial sustainability. Reserves play a key role to manage the unexpected economic impacts to their operating budget when required. Reserves are meant to pay for emergencies when expected income falls or when unexpected expenses occur. Currently, Town's Community Partner's manage their own reserves. However, a need to establish Reserve Management Policy for the Town's Community partners was identified during the 2024 budget approval process.

This memo provides an overview of the newly developed reserve management policy for the Town's Community Partners.

Analysis

Community Partners Reserve Management Policy outlines the guidelines and controls for the creation and management of reserves

The purpose of the reserve management policy is to establish financial guidelines and appropriate controls for the administration and management of reserves for the Town of Aurora. This policy provides regulations and guidelines on the objectives, standards of care, reporting requirements and responsibilities for the creation and management of reserves.

The objectives of the reserves management policy are stated below:

- Classification of type of reserves maintained by Community Partner
- Guidelines associated with the creation of reserves
- Recommended guidelines for the management of reserves such as:
 - Contributions to/withdrawal from reserves
 - Temporary interfund lending between reserves
 - Closing of reserves
 - Management of annual surplus/deficit
- Roles and responsibilities of Town staff, Community Partner and Council members
- Reporting and adherence to the guidelines of the reserve policy

Community Partners should set aside enough operating reserves to fund no more than six months of regular operations

Any net operating budget surplus should be contributed to operating reserve until operating reserve balance reaches the recommended target balance equivalent to cost of its operations for a period of six months.

Once the recommended reserve ceiling has been met, any excess proceeds over and above this amount should be applied against the community partner's identified operating requisition amount from the Town for the following year. An exception to this would be if the Community Partner has future unfunded asset management obligations.

Audited financial statements must be provided by community partners with revenue exceeding \$250,000

Community Partners with annual revenue exceeding \$250,000 must provide audited Financial Statements and those where it is required by legislation. Those not required to provide audited statement may be subject to further reviews by Town staff.

Attachments

Attachment 1 – Community Partner Reserve Management Policy



100 John West Way
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L4G 6J1
(905) 727-3123
aurora.ca

Town of Aurora

Community Partner Reserve Management Policy

Contact: Senior Financial Management Advisor, Finance

Approval Authority: Council

Effective: July 2, 2024

Revised: July 3, 2027

Community Partner Reserve Management Policy

Purpose

The purpose of the Community Partners Reserve Management Policy is to establish financial guidelines and appropriate controls for the administration of Town of Aurora Community Partner reserves.

This policy provides regulations and guidelines for appropriate reserve balances that ensure financial stability, reporting requirements and for the management of any excess reserve balance of the Town's community partners reserves.

Scope

The scope of this policy applies to Town's community partners which receive a budget allocation (i.e. excludes community grants and other grant opportunities as they have their own process) from Town with the exception to the Central York Fire Services and Aurora Public Library as this relationship is already governed by an existing comprehensive agreement with The Town of Aurora.

Definitions

Annual Surplus: The excess of revenues over expenses in a given year.

Community Partners: Aurora's community partners which are provided Operating Budget funding, include:

- Aurora Business Improvement Area
- Aurora Cultural Centre
- Aurora Historical Society
- Aurora Sport Hall of Fame
- Aurora Economic Development Corporation

Reserve Funds: Funds that have been set aside for a future event either pursuant to a by-law of the municipality, a decision by a community partner board, a contractual obligation, or a requirement of provincial legislation. Reserve funds are either “discretionary” being those set aside by Council or a community partner board of its own volition or “statutory” or “obligatory” being those required to be set aside by Council or a community partner board by virtue of a requirement of provincial or federal statute.

Operating Stabilization/Contingency Reserve: Operating Stabilization/contingency Reserve are funds set aside to pay for the temporary revenue shortfalls or unforeseen expenditures caused by significant fluctuations in the economy and provide contingency funds for a range of contingent or unknown liabilities.

Capital Reserve Fund: Funds set aside in support of community partner capital expenditure needs such as capital asset rehabilitation and replacement.

Policy

Reserves play a vital role in maintaining financial sustainability for the Town’s community partner’s financial health. Reserves also play a key role in the management of unexpected economic impacts to Community Partner operating budget when required. Reserves are meant to pay for emergencies when expected income falls or when unexpected expenses occur. By taking a long-term view of reserves, community partners are able to determine their necessary annual reserve contributions to ensure future asset management capital plan needs are met, while minimizing the annual operating impact. The policy outlines the following guidelines and appropriate controls for the administration of Community Partners reserves such as:

Types of Reserves

Operating Reserves

Operating reserves are funds intended to keep Community Partners monthly operations going (payment of overhead like payroll, program costs, and other normal monthly expenses) in an instance of a revenue shortfall or other emergency challenge. As a best practice, Community Partners should set aside enough operating reserves to fund no more than six months of regular operations.

Operating reserves may take other forms as well serving more specific purposes such as holding other dedicated revenues collected by a community partner for specific intent.

Capital Reserves

Capital reserves are funds set aside to pay for the future capital needs of a Community Partner for physical assets, such as a vehicle or buildings etc.

Community Partners should assess their unique needs and plan for both expected and unexpected replacement costs. This strategic financial stewardship brings stability and decreases stress on both Community Partner's and Town of Aurora.

A community partner's need for a capital reserve will be determined by the nature and extent of their capital asset holdings.

Establishing Reserves

A new reserve should only be established if it cannot be accommodated within an existing community partner reserve and/or all other possible alternatives have already been considered.

All community partner reserves need to be approved by their respective board. The Town should be notified of all existing and new reserve creations. The reserve notification should include the reserve name, the board's resolution to create the reserve, and include a financial plan which identifies the target funding level (if applicable), funding sources and projected disbursements (when practicable) to meet planned future obligations, and other relevant information where applicable. In consideration of the administrative workload the Community Partners will strive to minimize the number of reserves.

Closing Reserves

Should a community partner close a reserve, the Town should be notified of this decision. The notification should include the name of the reserve closed, the board's resolution, the reason for closure, as well as how any remaining reserve balance was dissolved.

Inter-fund lending

Community partner temporary inter-fund lending between reserves is permitted to temporarily finance capital expenditures or operating cash flow deficiencies to avoid external temporary borrowing costs. However, the following conditions must be met:

- Borrowing will not adversely affect the intended purpose of the reserve;
- A plan to repay the reserve within a reasonable timeframe, based on the nature of the loan and ability to repay is required;

Contributions to/withdrawals from Reserves

All contributions to and/or withdrawals from reserves shall be approved by each applicable community partner board. A record of all reserve transfers should be maintained by each community partner.

If applicable, community partners should include any planned contributions to reserves as part of their annual operating budget.

Annual Surplus/Deficit

The primary funding source of an operating reserve is net operating budget surpluses. Should a community partner have an established operating reserve, any net operating budget surplus should be contributed to this reserve until such point its balance reaches the recommended target balance equivalent to cost of its operations for a period of six months.

Once the recommended reserve ceiling has been met, any excess proceeds over and above this amount should be applied against the community partner's identified operating requisition amount from the town for the following year. An exception to this would be if the Community Partner has future unfunded asset management obligations. However, a record of this board decision should be maintained.

The Library Board's surplus will continue to be governed by the Town's surplus/deficit management by-law.

Responsibilities

Council

Council shall:

- Receive an update of all community partner board reserve decisions and offer feedback
- Reserve the right to overrule a community partner board reserve creation or reserve management strategy.

Community Partners

- Overall responsibility for the management of reserves.
- Accurate reporting of reserve balances to the Council and Town of Aurora Director of Finance through the budget process.
- To comply with the guidelines outlined in the Community Partners Reserve Management policy for the management of reserves.
- Each year as part of annual budget presentation provide a reserve continuity summary to Council that clearly outlines all reserve activity for the past year.

Monitoring and Compliance

The implementation of the Community Partners Reserve Management Policy should be monitored through:

- Annual updates as part of the budget to Council of each community partner's reserve structure; as well as annual updates on each reserve's activity over the course of the past year.
- Annual Financial Statements: Community Partners with annual revenue exceeding \$250,000 must provide audited Financial Statements and those where

it is required by legislation. Those not required to provide audited statement may be subject to further reviews by Town staff.

- As part of FAC reviews of community partner financial health, the FAC will have the opportunity to discuss in detail established board reserve strategies, and other best practices as they align with this policy and its regulations.
- Staff will monitor community partner compliance with this policy on an ongoing basis.

References

- [Fiscal Strategy](#)

Review Timeline

This policy will be reviewed 2 years after the initial approval date.